

Generosity in Canada

The 2023 Generosity Index

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Summary

- Manitoba had the highest percentage of tax filers that donated to charity among the provinces (19.7%) during the 2021 tax year while New Brunswick had the lowest (15.4%).
- Manitoba also donated the highest percentage of its aggregate income to charity among the provinces (0.74%) while Quebec donated the lowest (0.26%).
- Nationally, the percentage of Canadian tax filers donating to charity has fallen over the last decade from 23.0% in 2011 to 17.7% in 2021.
- The percentage of aggregate income donated to charity by Canadian tax filers has also decreased from 0.59% in 2011 to 0.55% in 2021.
- This decline in generosity in Canada undoubtedly limits the ability of Canadian charities to improve the quality of life in their communities and beyond.

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Introduction

Interest in the charitable sector heightens each year as the holiday season approaches. This sector is actively engaged in providing social services such as counselling, crisis prevention, basic necessities, and education to help vulnerable people in need. Charities depend on the generosity of thousands of ordinary citizens who give privately from their own funds to enhance the quality of life in their communities and beyond.

The Fraser Institute's annual Generosity Index measures this private monetary generosity using readily available data on the extent and depth of charitable donations, as recorded on personal income tax returns in Canada.¹ In contrast to previous years, comparable United States data was not available at the time of writing for the 2023 index.

The Generosity Index

The Generosity Index measures private monetary generosity using two key indicators. The percentage of tax filers donating to charity indicates the extent of generosity, while the percentage of aggregate personal income donated to charity indicates the depth of charitable giving.² Though not used to calculate the Generosity Index scores, the average dollar value of charitable donations given in a year provides additional information on the level of private generosity in each jurisdiction.³

The jurisdictions included in the index are Canada's 10 provinces and 3 territories. The data used are from the 2021 tax year—the most recent year for which comparable data are available for Canadian jurisdictions. The data collected for the Generosity Index show stark differences in charitable giving among the Canadian provinces and territories.

Charitable giving in Canada

Table 1 presents data for the Canadian provinces and territories. Manitoba had the highest percentage of tax filers who donated to charity (19.7%) among the provinces. Ontario is in second place (18.2%), closely followed by Quebec (17.6%). New Brunswick is the province with the lowest percentage of tax filers donating to charity (15.4%), followed by Newfoundland & Labrador (15.7%) and Nova Scotia (16.2%). In the territories, the percentage of tax filers who donated to charity ranges from 5.4% in Nunavut to 15.0% in Yukon.

At 0.74%, Manitobans donated the highest percentage of their aggregate income to charity. Residents of British Columbia were next, donating 0.73% of their aggregate income, followed by residents of Ontario (0.63%). Quebecers rank last among the provinces; they donated 0.26% of aggregate income to charity—roughly one-third the proportion of Manitobans.

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- 1 While earlier editions of the Generosity Index incorporated donations of time as well as money (Francis, 1998; Clemens and Samida, 1999), the Canada Revenue Agency (CRA) no longer collects data on volunteer time donated to charity. For survey data on rates of volunteerism in Canada, see Statistics Canada, 2020. While directly comparable data are not readily available for the United States, the Bureau of Labor Statistics has published survey data on volunteerism in the United States (United States, Bureau of Labor Statistics, 2016). In addition, it should be noted that in Canada it is possible to carry charitable contributions forward for up to five years after the year they were originally made. Thus, donations reported for the 2021 tax year could include donations that were made in any of the five previous years.
 - 2 Aggregate income is the sum of the total income earned by every individual in each jurisdiction considered for the index. Currently, more than 80,000 charities are registered with the CRA. This figure and the data used for the Generosity Index only include organizations formally registered with the CRA (Canada Revenue Agency, 2022). Canada's non-profit sector also includes several thousand organizations that are exempt from paying income tax but may not issue tax-deductible receipts to donors.
 - 3 The average dollar value of donations is excluded from the Generosity Index because it is a poor estimate of individual generosity as it favours relatively wealthy jurisdictions over relatively poor ones.

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Table 1: Canadian Results and Rankings for the 2021 Tax Year

| Province/ Territory | Percentage of tax filers donating to charity | | Percentage of aggregate income donated to charity | | Average annual charitable donation | |
|-------------------------|--|------------------|---|------------------|------------------------------------|------------------|
| | % | Rank (out of 13) | % | Rank (out of 13) | Amount (in dollars) | Rank (out of 13) |
| British Columbia | 17.4 | 5 | 0.73 | 2 | 3,318 | 1 |
| Alberta | 17.1 | 7 | 0.62 | 4 | 3,180 | 2 |
| Saskatchewan | 17.3 | 6 | 0.54 | 5 | 2,326 | 6 |
| Manitoba | 19.7 | 1 | 0.74 | 1 | 2,601 | 5 |
| Ontario | 18.2 | 2 | 0.63 | 3 | 2,729 | 3 |
| Quebec | 17.6 | 3 | 0.26 | 10 | 1,026 | 13 |
| New Brunswick | 15.4 | 10 | 0.44 | 7 | 1,803 | 10 |
| Nova Scotia | 16.2 | 8 | 0.43 | 8 | 1,788 | 11 |
| Prince Edward Island | 17.6 | 3 | 0.48 | 6 | 1,822 | 9 |
| Newfoundland & Labrador | 15.7 | 9 | 0.32 | 9 | 1,438 | 12 |
| Yukon | 15.0 | 11 | 0.26 | 10 | 1,910 | 8 |
| Northwest Territories | 10.9 | 12 | 0.21 | 12 | 2,301 | 7 |
| Nunavut | 5.4 | 13 | 0.15 | 13 | 2,642 | 4 |

Sources: Statistics Canada (2023a, 2023b); calculations by authors.

Note: Charitable donation is the allowable portion of total donations, as reported on the income tax return.

Though not used to calculate the Generosity Index, data on average charitable donations are also provided for interest (see table 1). Among all the provinces and territories, the highest yearly average dollar value of charitable donations was in British Columbia (\$3,318), followed by Alberta (\$3,180), and Ontario (\$2,729). Quebec ranked last among the provinces and territories with an average yearly value of charitable donations of \$1,026—less than half the national average of \$2,377.

Canadian giving trends from 2011 to 2021

Table 2 presents the extent and depth of charitable giving by Canadian province and territory in 2011, 2020, and 2021, as well as the change in generosity from 2011

to 2021 and from 2020 to 2021. What is most striking about these trends is that the extent of charitable giving fell in every Canadian jurisdiction. From 2011 to 2021, all of the provinces and territories saw a drop in the percentage of tax filers donating to charity. The provinces where the drops were most pronounced are Saskatchewan (decreasing by 30.7%), Prince Edward Island (decreasing by 29.6%) and Alberta (decreasing by 28.8%). Among the provinces and territories, Nunavut saw the largest drop in the extent of giving (at 40.3%). The percentage of tax filers donating to charity in 2021 also declined in every Canadian province and territory relative to 2020. The biggest drop between 2020 and 2021 was in Nunavut (8.9%).

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Table 2: Change in Canadian Generosity by Province, 2011 to 2021

| Province/ Territory | Percentage of tax filers donating to charity (%) | | | | | Percentage of aggregate income donated to charity (%) | | | | |
|-------------------------|--|------|------|-----------------------------|-----------------------------|---|------|------|-----------------------------|--------------------------------|
| | 2011 | 2020 | 2021 | % change 2011 to 2021 | % change 2020 to 2021 | 2011 | 2020 | 2021 | % change 2011 to 2021 | % change 2020 to 2021 |
| British Columbia | 21.7 | 17.7 | 17.4 | -20.0 | -1.6 | 0.69 | 0.64 | 0.73 | 5.3 | 13.1 |
| Alberta | 24.0 | 17.7 | 17.1 | -28.8 | -3.6 | 0.73 | 0.60 | 0.62 | -15.0 | 3.2 |
| Saskatchewan | 25.0 | 17.6 | 17.3 | -30.7 | -2.0 | 0.65 | 0.49 | 0.54 | -17.9 | 8.9 |
| Manitoba | 25.9 | 20.6 | 19.7 | -23.9 | -4.1 | 0.83 | 0.73 | 0.74 | -11.1 | 0.9 |
| Ontario | 24.2 | 19.0 | 18.2 | -24.8 | -4.2 | 0.67 | 0.60 | 0.63 | -5.9 | 4.8 |
| Quebec | 21.2 | 18.7 | 17.6 | -16.9 | -5.6 | 0.27 | 0.23 | 0.26 | -3.3 | 11.0 |
| New Brunswick | 20.8 | 16.1 | 15.4 | -26.0 | -4.8 | 0.53 | 0.43 | 0.44 | -16.6 | 1.9 |
| Nova Scotia | 22.3 | 17.0 | 16.2 | -27.1 | -4.6 | 0.49 | 0.43 | 0.43 | -11.6 | 1.3 |
| Prince Edward Island | 24.9 | 18.5 | 17.6 | -29.6 | -5.1 | 0.60 | 0.46 | 0.48 | -19.5 | 3.8 |
| Newfoundland & Labrador | 21.0 | 16.0 | 15.7 | -25.2 | -2.0 | 0.41 | 0.29 | 0.32 | -20.4 | 12.6 |
| Yukon | 20.6 | 15.1 | 15.0 | -27.0 | -0.6 | 0.30 | 0.26 | 0.26 | -12.1 | 2.0 |
| Northwest Territories | 15.4 | 11.4 | 10.9 | -29.5 | -4.5 | 0.24 | 0.21 | 0.21 | -13.1 | -2.0 |
| Nunavut | 9.1 | 6.0 | 5.4 | -40.3 | -8.9 | 0.20 | 0.14 | 0.15 | -23.2 | 5.4 |

Sources: Statistics Canada (2023a, 2023b); calculations by authors.

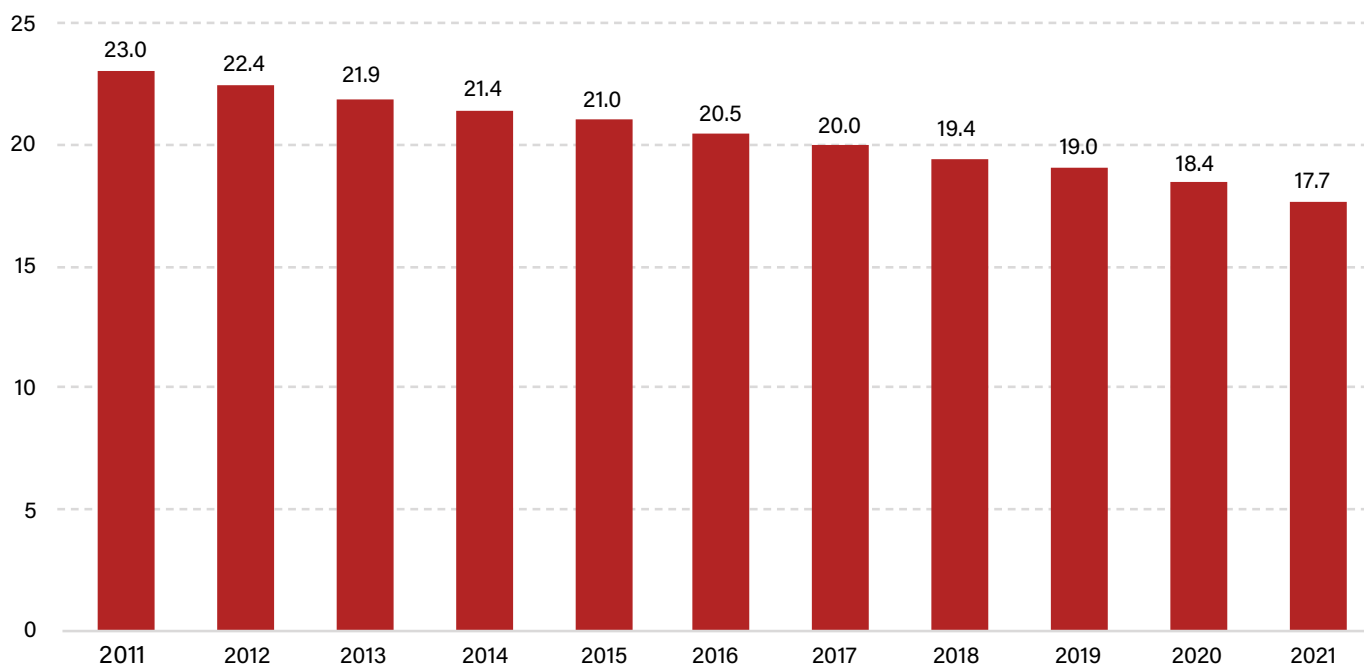
Nearly every Canadian jurisdiction saw a decline in the percentage of aggregate income donated to charity in 2021 relative to 2011. The provinces with the largest decrease were Newfoundland & Labrador (20.4%), and Prince Edward Island (19.5%). The largest decline among Canadian jurisdictions was in Nunavut (23.2%). British Columbia was the only jurisdiction to see an increase in the depth of generosity from 2011 to 2021, increasing 5.3%. Conversely, compared to 2020 all Canadian provinces and territories except the Northwest Territories, experienced an increase in the depth of generosity.

Figures 1 and 2 display national annual charitable giving trends between 2011 and 2021. The percentage of Cana-

dian tax filers donating to charity over the period has fallen from 23.0% in 2011 to 17.7% in 2021 (figure 1). This result is in line with what is shown in table 2, where the extent of giving fell in every jurisdiction. In terms of the national trend in the depth of charitable giving, figure 2 shows that the percentage of aggregate income donated to charity decreased from 0.59% in 2011 to 0.55% in 2021, but showed a slight increase from 2020 to 2021. Nearly every subnational Canadian jurisdiction experienced a similar downward trend between 2011 and 2021 (and a similar increase relative to 2020) in the depth of giving.

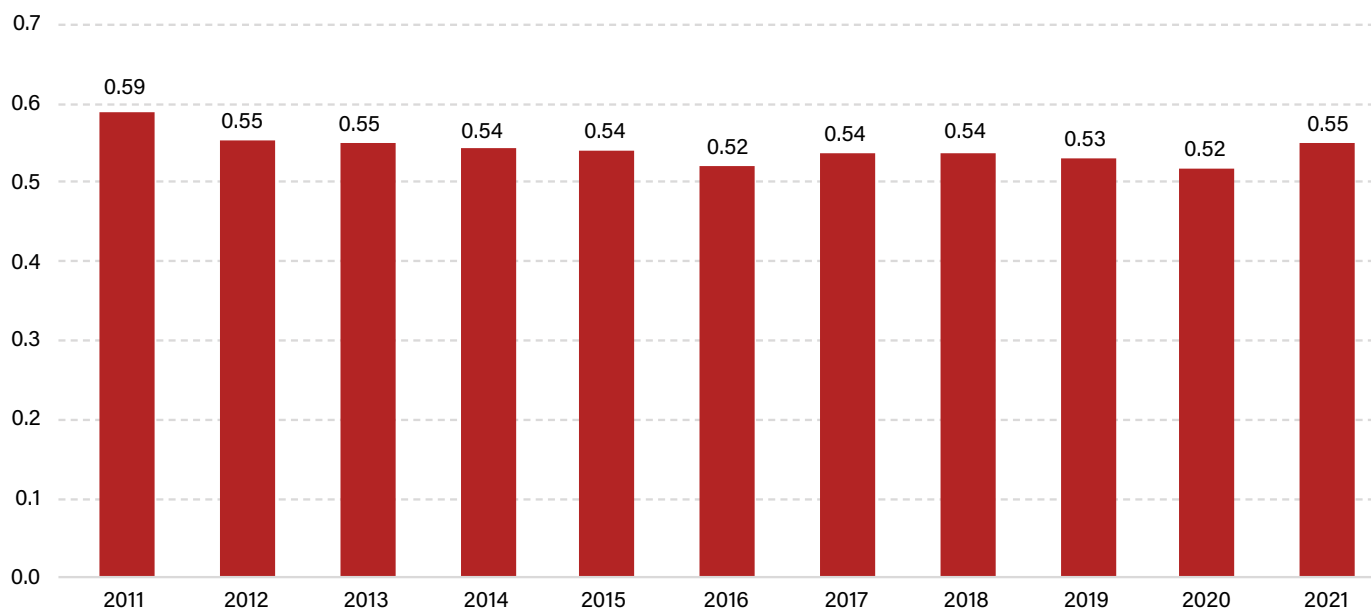
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Figure 1: Percentage of tax filers donating to charity in Canada, 2011 to 2021



Source: Statistics Canada (2023a); calculations by authors.

Figure 2: Percentage of aggregate income donated to charity in Canada, 2011 to 2021



Source: Statistics Canada (2023a, 2023b); calculations by authors.

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Comparing Canada and the United States

While comparable American data is not available for the 2023 Generosity Index, it is worth noting that the depth of generosity in the United States has been considerably higher than Canada for multiple decades. For instance, in 2020, Americans gave 1.03% of their aggregate income to charity (US IRS, 2023; Bureau of Economic Analysis, 2023). That rate was nearly twice the percentage of aggregate income donated by Canadians during the same year (0.52%) (Statistics Canada, 2023a). If Canadians had given the same percentage of their aggregate income to charity as Americans had, there would have been \$10.6 billion more Canadian donations to charities (a potential total of \$21.1 billion).

Historically, the generosity gap has also varied significantly among subnational jurisdictions.⁴ In comparing the depth of charitable giving, Canadian provinces and territories typically do far worse than US jurisdictions. Thirty-three US states gave a higher percentage of aggregate income to charity than any Canadian province or territory in the 2020 tax year. In Utah, 2.69% of aggregate income was donated to charity—the highest percentage among US states and Canadian subnation-

al jurisdictions. Arkansas was second on this measure with 2.50% of aggregate income donated to charity. By contrast, the percentage of aggregate income donated to charity in Manitoba, Canada's highest ranked province on this measure, was just 0.73%—just over one-quarter of the amount donated in Utah.⁵

Conclusion

The Generosity Index uses readily available data to measure private monetary generosity in Canada. By measuring both the percentage of tax filers who donate to charity and the percentage of aggregate income donated to charity in each jurisdiction, the Generosity Index recognizes the magnitude of charitable donations eligible for income tax deduction. The results indicate that, in recent years, a smaller proportion of Canadians are giving to charity generally than a decade ago and the amount given makes up an increasingly smaller proportion of aggregate income. This decline in generosity in Canada undoubtedly limits the ability of Canadian charities to improve the quality of life in their communities and beyond.

4 It is beyond the scope of this report to determine why there are differences in charitable giving among subnational jurisdictions. However, Lamman and Gabler (2012) reviewed the literature on the determinants of charitable giving at the jurisdictional level and note several possible drivers including income, the after-tax cost of donating, scope of government, the age of the population, levels of education, religious affiliation, and volunteerism. Francis and Clemens (1999) argue that private generosity is sensitive to disposable income and conclude that a more economic growth-oriented regime would encourage charitable giving.

5 The results in this section were for the 2020 tax year, as the 2021 data for the United States were not available at the time of writing.

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